



Mayor
Bobby W. Sparrow

Office
502-839-5372

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MAR 19 2004

PUBLIC SERVICE
COMMISSION
City Clerk / Administrator
Edwinna Baker

Fax
502-839-5106

March 18, 2004

Thomas M. Dorman
Executive Director
Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 2003-00394
Water Purchase Agreement
City of Lawrenceburg and South Anderson Water District

Dear Mr. Dorman:

The purpose of this letter is to notify the Public Service Commission that the City of Lawrenceburg and South Anderson Water District have successfully negotiated the terms for a new water purchase contract as follows:

1. Minimum purchase amount of 8.0 million gallons per month at a rate of \$2.08 per 1,000 gallons.
2. All water purchased in excess of 8.0 million gallons per month shall be at a rate of \$1.94 per 1,000 gallons.
3. Rates may be reviewed and/or adjusted every two years following the preparation of a Cost of Service Study to document and verify the appropriateness of any proposed rate adjustment. The City of Lawrenceburg intends to adopt and implement an accounting program based on the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts.
4. It is anticipated that the first Cost of Service Study will be completed in 2005 based on data from the most current complete fiscal year. Therefore, the next possible rate adjustment will not occur until January 2006.

P.O. Box 290

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5. The agreement shall remain in effect for a term of 45 years unless revised by mutual agreement of both parties.

Within the next several weeks, the City of Lawrenceburg and South Anderson Water District intend to finalize the water purchase contract. A copy of the executed document will be provided to PSC for your review and file.

Based on the recent progress, it is our understanding that the meeting with PSC scheduled for Friday, March 19, 2004 is no longer necessary; therefore, we respectfully request that the meeting be cancelled. Should you have any questions or require additional information, please contact me.

Sincerely,
City of Lawrenceburg

A handwritten signature in cursive script, appearing to read "Edwinna Baker".

Edwinna Baker
City Clerk